

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 AF-06 ARA-10 EA-10

NEA-09 DIWY-01 CIAE-00 INR-07 NSAE-00 PA-02 USIA-15

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E.O. 11652: N/A

TAGS: UNIDO, OCON, EAID

SUBJECT: UNIDO - US RESERVATIONS TO LIMA CONFERENCE  
DOCUMENTS  
REF: (A) VIENNA 3226 (B) STATE 68443

1. IN RESPONSE REFTEL THE FOLLOWING COMMENTS ARE  
PROVIDED ON THE PARAS INDICATED OF THE UNIDO II  
DECLARATION AND PROGRAM OF ACTION.

2. PREAMBLE: A. PARA 11. US DOES NOT AGREE TO THE  
GENERAL STATEMENT THAT PROBLEMS OF INDUSTRIAL DEVELOP-  
MENT OF LDCS ARISE FROM POLICIES OF MOST OF THE DCS  
NOR TO THE IMPLICATION THAT LDC INDUSTRIAL DEVELOPMENT  
IS IN SERIOUS JEOPARDY WITHOUT "MEANINGFUL CHANGES  
IN THE ECONOMIC POLICIES OF THE DEVELOPED COUNTRIES."

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WITH REGARD TO THE ACHIEVEMENT OF THE OBJECTIVES OF

"A NEW INTERNATIONAL ECONOMIC ORDER", THIS APPEARS TO BE A REFERENCE TO UNGA RESOLUTIONS 3201(S-VI) AND 3202(S-VI), THE US RESERVATIONS TO WHICH ARE WELL KNOWN. B. PARA 13. THE ARGUMENTATION IN THIS PARA IS SIMILAR TO THAT IN PARA 11 AND IS ALSO REJECTED BY THE US ON THE GROUNDS THAT THE FACTS AS WE PERCEIVE THEM DO NOT SUPPORT THE CONTENTION. C. PARA 14. THE US REGARDS THE SECOND SENTENCE IN THE PARA AS A

CLAIM TO A RIGHT TO EXERCISE SOVEREIGN RIGHT WITHOUT REGARD TO A STATE'S INTERNATIONAL OBLIGATIONS. FOR A STATEMENT OF THE SOVEREIGN RIGHTS OF ALL STATES OVER THEIR NATURAL RESOURCES TO WHICH THE US HAS AGREED, US DEL SHOULD DRAW ATTENTION TO UNGA RESOLUTION 1803 (XVII). D PARA 16. THE TERMS "COLONIAL AND NEO-COLONIAL POLICIES OR NEW FORMS OF DEPENDENCY" ARE UNDEFINED BUT ARE FREQUENTLY USED IN IDEOLOGICAL ATTACKS. THE US PERCEIVES THEIR USE HERE AS AN INDICTMENT OF ONE GROUP OF COUNTRIES BY ANOTHER. THAT INDICTMENT IS NOT CONSIDERED APPROPRIATE BY THE US IN A DECLARATION INTENDED TO GUIDE INTERNATIONAL COOPERATION FOR THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES. E PARA 17. THE US DOES NOT PERCEIVE A GENERAL TREND OF INDUSTRIALIZED COUNTRIES TO REDUCE THEIR DEVELOPMENT ASSISTANCE, AND IT DOES NOT CONSIDER THE TERMS UNDER WHICH THAT ASSISTANCE HAS BEEN GIVEN AS UNSATISFACTORY. F PARA 18. THE US DOES NOT RECOGNIZE PROVISION OF DEVELOPMENT ASSISTANCE AS A LEGAL OBLIGATION, NOR DOES IT NECESSARILY AGREE THAT THE TERMS OF TRADE OF DEVELOPING COUNTRIES HAVE BEEN WORSENING. WE ARE UNCLEAR WHAT IS MEANT OR IMPLIED

BY THE PHRASE "DRAINAGE OF THEIR RESOURCES" ALTHOUGH WE INFER THIS TO BE A CHARGE THAT THE PRICES PAID FOR EXPORTS OF DEVELOPING COUNTRIES HAVE IN SOME FASHION BEEN UNFAIR. TERMS OF TRADE INDEXES ARE DERIVED FROM REDUCING MASSES OF DATA INTO ONE RATIO AND CAN VARY DEPENDING ON A LARGE NUMBER OF FACTORS, INCLUDING PARTICULARLY THE TIME PERIOD CHOSEN. FURTHERMORE, SUCH INDEXES FAIL TO TAKE INTO ACCOUNT UNCLASSIFIED

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IMPORTANT FACTORS SUCH AS CHANGES IN PRODUCTIVITY AND QUALITY, DIFFERING EXPORT-IMPORT RELATIONSHIPS THROUGHOUT THE DEVELOPING WORLD, AND THE FACT THAT MANY COMMODITIES AND MANUFACTURES ARE EXPORTED (AND IMPORTED) BY COUNTRIES IN BOTH THE DEVELOPED AND THE DEVELOPING WORLD.

3. DECLARATION: A) PARA 53. US DEL SHOULD MAKE

POINTS INDICATED IN PARA 6 OF REFTEL B, MOREOVER, AS A POINT OF FACT, TRAINING ACTIVITIES WILL NOT MAKE POSSIBLE PROCESSING ETC.; THEY CAN BE ORGANIZED SO AS TO PROVIDE AN ENVIRONMENT IN WHICH PROCESSING OPERATIONS COULD BE ESTABLISHED OR MORE EASILY TAKE PLACE.

4. PLAN OF ACTION: A PARA 59(D). THE US RECOGNIZES THE INTEREST OF DEVELOPING COUNTRIES IN INCREASING

THEIR PROCESSING OF THE RAW MATERIALS WHICH THEY EXPORT. THE PRINCIPAL POLICY AREA WITHIN THE RANGE OF THE AUTHORITIES OF THE US GOVERNMENT HAVING AN INFLUENCE ON THE PROCESSING OF RAW MATERIALS IMPORTED INTO THE US IS TRADE POLICY. THE US HAS ALREADY INDICATED BY ITS ADHERENCE TO PARA 4 OF THE TOKYO DECLARATION OPENING THE MTN THAT IT IS PREPARED IN THE TRADE NEGOTIATIONS TO DEAL WITH THE PROCESSING QUESTION. THE US IS NOT PREPARED AT THIS TIME TO DEAL WITH THIS QUESTION OUTSIDE TRADE NEGOTIATIONS. B. PARA 59(G) AND (H). THE US IS UNWILLING TO CONSIDER THE REGULATION OR SUPERVISION OF ITS PRIVATE ENTERPRISES IN OTHER COUNTRIES WITHOUT THE CLEAR ASSUMPTION BY THOSE COUNTRIES OF THEIR INTERNATIONAL OBLIGATIONS WITH RESPECT TO THESE ENTERPRISES AND RECOGNITION OF THE LEGITIMATE INTERESTS OF THE US IN THEM. C. PARA 59(I). THE MEASURES INTENDED BY THIS PARA ARE UNCLEAR, BUT IT APPEARS TO IMPLY AN OBLIGATION OF DEVELOPED COUNTRIES TO CONTROL MARKETS WHICH IS NEITHER REALISTIC NOR ACCEPTABLE IN THE US ECONOMY. THE US DOES SUPPORT RESEARCH AND DEVELOPMENT TO IMPROVE THE USEFULNESS AND FIND NEW USES FOR NATURAL PRODUCTS. D. PARA 59(J). THE US IS UNABLE TO UNCLASSIFIED

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AGREE TO SUCH A SWEEPING PROHIBITION ON ITS ACTIONS, PARTICULARLY WHEN THE AREA OF THE OTHER STATE'S ACTION IS SO PRECISELY DEFINED SO AS TO BENEFIT ONE GROUP OF COUNTRIES AGAINST ANOTHER AND IS A WELL-KNOWN AREA OF CONTROVERSY. FURTHERMORE, THE MATTER OF EXERCISING SOVEREIGNTY OVER THE PROCESSING AND MARKETING WOULD IN MANY INSTANCES INFRINGE ON THE SOVEREIGNTY OF THE IMPORTING COUNTRY. A SIMILAR ARTICLE WAS PROPOSED BY THE DEVELOPING COUNTRIES IN THE DISCUSSIONS OF THE CERDS; IT WAS REJECTED BY THE DEVELOPED COUNTRIES BUT WITH THE COMPROMISE PROPOSAL THAT SUCH A PROHIBITION APPLY WITH RESPECT TO ALL THE RIGHTS OF STATES UNDER THE CHARTER. THE COMPROMISE WAS REJECTED BY THE DEVELOPING COUNTRIES. THIS PARA AND OTHER

PARAS OF THE UNIDO DECLARATION AND PLAN OF ACTION  
REFERRING TO SOVEREIGNTY OVER NATURAL RESOURCES  
FAIL TO SAY ANYTHING ABOUT A STATE'S DUTY TO  
RESPECT ITS INTERNATIONAL OBLIGATIONS OR EVEN INVEST-  
MENT CONTRACTS AND OTHER CONTRACTUAL OBLIGATIONS  
UNDER ITS LAWS OR EXPLICITLY ACCEPTED BY IT. E PARA  
61(D). THE US WAS ABLE TO SUPPORT, AS IT DID IN  
PARA 56(B) OF THE DRAFT DECLARATION OF PRINCIPLES  
ON INDUSTRIAL DEVELOPMENT AND COOPERATION AND PLAN  
OF ACTION TABLED BY GROUP B AT UNIDO II, CONSULTATIONS

TO PROMOTE EXCHANGES OF INFORMATION WHICH WOULD  
FACILITATE THE ESTABLISHMENT OF NEW INDUSTRIAL  
STRUCTURES IN DEVELOPING COUNTRIES, BUT IT DOES NOT  
SUPPORT CONSULTATIONS DIRECTLY TO FACILITATE  
REDEPLOYMENT OF PRODUCTIVE CAPACITIES. THE US  
ECONOMIC STRUCTURE PROVIDES FOR PRIVATE CONTROL OF  
MOST CAPITAL, INVESTMENT AND INDUSTRIAL TECHNOLOGY.  
THE US BELIEVES THAT DEVELOPMENT AND EFFICIENT  
ALLOCATION OF WORLD RESOURCES WILL BE BEST FOSTERED  
BY A FREE FLOW OF CAPITAL, TECHNOLOGY AND INVESTMENT  
AMONG COUNTRIES. F PARA 63. AS HAS BEEN PREVIOUSLY  
EXPLAINED, THE US DOES NOT SUBSCRIBE TO THE GOALS  
OF A NEW INTERNATIONAL ECONOMIC ORDER AS CALLED  
FOR IN UNGA RESOLUTIONS 3201(S-VI) AND 3202(S-VI),  
NOR DOES IT SEE HOW IN ANY PRACTICAL SENSE THE NIEO  
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OR ITS GOALS CAN "MAKE IT POSSIBLE FOR ALL DEVELOPING  
COUNTRIES TO INDUSTRIALIZE." WE ARE UNCLEAR HOW A  
NEW DISTRIBUTION OF INDUSTRIAL ACTIVITIES WILL MAKE  
IT POSSIBLE FOR LDCS TO "OBTAIN AN EFFICIENT INSTRUMENT  
WITHIN THE UN SYSTEM TO FULFILL THEIR ASPIRATIONS"  
OR WHAT THAT "INSTRUMENT" WOULD BE. FURTHERMORE,  
WHATEVER THAT INSTRUMENT WE WOULD WISH TO BE CAUTIOUS  
IN SUPPORTING ANY INSTRUMENT THAT ATTEMPTED TO FORWARD  
THE ASPIRATIONS OF ONE GROUP OF COUNTRIES UNTIL WE  
WERE CLEAR ABOUT HOW IT WOULD DEAL WITH THE ASPIRATIONS  
OF OTHER COUNTRIES. KISSINGER

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